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**FISCAL IMPACT STATEMENT**

**LS 6248**

**BILL NUMBER:** HB 1231

**NOTE PREPARED:** Mar 3, 2003

**BILL AMENDED:** Mar 3, 2003

**SUBJECT:** Bureau of Gaming and Lottery.

**FIRST AUTHOR:** Rep. Duncan

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill prohibits the Indiana Gaming Commission from contracting with the State Police Department for the performance of certain duties required during riverboat gambling operations. It requires the Indiana Gaming Commission to employ its own enforcement officers and auditors. The bill also vests gaming enforcement officers with certain police powers. The bill provides that gaming enforcement officers are members of the state excise police and conservation officers' retirement plan. It makes other conforming changes. The bill also specifies that information concerning an investigation conducted by the gaming enforcement officers may not be disclosed unless access is specifically required by statute or a court order. The bill also repeals a redundant section.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** (Revised) The bill would result in a transfer of enforcement personnel from the State Police to the Indiana Gaming Commission (IGC). The IGC would not experience an increase in administrative expenses, however, because it currently obtains investigative and enforcement services necessary for riverboat operations through an interagency agreement with the State Police. The salary, fringe benefit, and equipment costs relating to these State Police services is annually reimbursed by the IGC. The money for this reimbursement is obtained by the IGC from the riverboat owners and, for license-related investigations, from the licensees themselves. Under the bill, these costs would continue to be reimbursed by the riverboats.

In addition to enforcement officers, the bill specifically requires the IGC to employ auditors who are accounting professionals. It appears that currently certain functions performed by gaming enforcement personnel in the Background Investigative Unit possibly involve audit and financial work. However, any

additional audit personnel the IGC may have to employ under the bill would (as with other enforcement personnel) be reimbursed by the riverboats. In addition, the bill specifically requires the riverboats to reimburse the IGC for the cost of training enforcement personnel and for the salaries and other expenses of staff required to support the enforcement officers and auditors.

In contrast, the State Police would experience a reduction in administrative expenses as gaming enforcement personnel are released or are reassigned to vacant positions. Potentially, current gaming enforcement personnel could be employed by the IGC as the bill provides that the IGC: (1) must compensate enforcement personnel based on years of service with a law enforcement agency (including the State Police Department); and (2) may not establish salary ranges for any rank that are less than the salary ranges effective for State Police officers serving on riverboats as of January 1, 2003. In addition, the bill requires the IGC to have at least the same staffing level for its gaming enforcement operations as those of the State Police on December 31, 2004 (the last day of State Police gaming enforcement operations). Currently, the State Police Gaming Enforcement Division comprises 121 positions, seven of which are vacant. The current annual cost of salary and benefits to Division employees is estimated to total approximately \$6.5 M.

*Background Information:* The Gaming Enforcement Division currently falls under the purview of the Bureau of Criminal Investigation within the State Police. According to the February 7, 2003, state staffing table the Division comprises 121 positions, seven of which are currently vacant. Of the total, 113 positions are law enforcement officers and eight are secretarial positions. According to the staffing table, current annual salary cost for employees of the Division is about \$4.76 M. Assuming an additional 37% in cost for fringe benefits (about \$1.76 M), total salary and benefit costs for the Gaming Enforcement Division are estimated to total about \$6.5 M annually. (The Gaming Enforcement Division primarily consists of noncivilian personnel who hold the rank of "Trooper".) The Gaming Enforcement Division is comprised of two units: (1) the Background Investigative Unit (BIU); and (2) the Riverboat Investigative Unit (RIU).

Background Investigative Unit: The BIU is responsible for conducting background investigations of the owners, key management personnel, and employees of the riverboat license holders and applicants, as well as riverboat supplier license holders and applicants. In addition, the BIU assists the RIU in long-term detailed gaming investigations; the financial evaluation of companies who apply for licenses to ensure they have sufficient resources to provide gaming services; and the investigation of corporate purchasers' "buy-outs" of previous owners. The BIU consists of approximately 10 to 15 personnel of whom most are enforcement officers.

Riverboat Investigative Unit: The RIU is responsible for serving as the enforcement arm of the Indiana Gaming Commission on Indiana's ten riverboats. RIU personnel investigate violations of state law and Indiana Gaming Commission rules. The State Police assigns nine enforcement personnel to each riverboat, totaling approximately 90 enforcement personnel in all. The RIU is comprised of a North and South Division.

The State Police currently utilizes a one-year rotation system to fill vacancies within the RIU. (The BIU is permanently staffed.) It fills approximately 85% through a competitive hiring process and approximately 15% through a lottery system. The State Police report that when personnel are transferred to RIU from the Bureau of Field Operations (highway patrol), new recruits are used to fill those vacancies.

Explanation of State Revenues: (Revised) The Indiana Gaming Commission currently provides reimbursement to the State Police for services they provide to the Commission. The money for this reimbursement is obtained by the IGC from the riverboat owners and, for license-related investigations, from the licensees themselves.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** State Police; Indiana Gaming Commission.

**Local Agencies Affected:**

**Information Sources:** Steve Hillman, State Police, (317) 232-8204.

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